United Nations A/AC.109/2002/15

General Assembly

Distr.: General
22 May 2002

Original: English

Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

Bermuda

Working paper prepared by the Secretariat*

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* The document was submitted late to the conference services without the explanation required under paragraph 8 of General Assembly resolution 53/208 B, by which the Assembly decided that, if a report is submitted late, the reason should be included in a footnote to the document.

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I. Background information

1. Bermuda[1] is located in the western part of the Atlantic Ocean, about 917 kilometres east of the North Carolina coast of the United States of America. The Territory consists of 8 major islands and 130 smaller islands. The largest is Great Island, or Main Island. Hamilton, the capital, and St. George's, are the two main towns.

2. Until recently, it was considered that Bermuda was discovered in 1503. Local historians now believe the Spanish navigator Juan de Bermudez first spotted Bermuda in 1505. On the basis of the new historical evidence, the celebrations marking the 500th anniversary of the discovery of Bermuda, which had initially been scheduled for 2003, will be held in 2005.[2] In 1609, Bermuda was settled by a group of English colonists and in 1610, the first slaves were brought to work on the farms and to dive for pearls. In 1620, the first Parliament was held after the Crown granted the colony limited self-government. In 1968, Bermuda was granted internal self-government and a new Constitution. In 1995, a referendum was held on the question of independence. Of the 58.8 per cent of eligible voters who participated, which is a small number by Bermudian standards, 73.6 per cent voted against independence.

3. According to 2000 estimates, Bermuda's population was 62,997 inhabitants, of whom 58 per cent were of African descent and 36 per cent of North American or European descent. The Territory remains very densely populated (1,180 inhabitants per square kilometre), with an estimated growth rate of .75 per cent for 2000. It is also on the list of countries with the highest urban population, as 100 per cent of its population lives in urban areas. The age structure of the population is as follows: 20 per cent of the inhabitants are between birth and age 14, 70 per cent are between the ages of 15 and 64 and 10 per cent are over 65. Life expectancy at birth is 79 years for women and 75 years for men.[3] According to the survey made by *The Economist*, Bermuda has the world's highest marriage rates, with 15.7 marriages per 1,000 inhabitants, and among the lowest divorce rates, with just 0.6 divorces per 1,000 inhabitants.[4]

II. Constitutional and legal issues

A. General

4. Bermuda is a Non-Self-Governing Territory administered by the United Kingdom of Great Britain and Northern Ireland. The Constitution of Bermuda, adopted in 1968 and amended in 1973, 1979 and 1989, contains provisions relating to the protection of fundamental rights and freedoms of the individual. The Governor is appointed by the Queen and the Government of the United Kingdom, after consultations with the Premier. The Governor is responsible for defence, external affairs, internal security and the police. Bermuda has a parliamentary system of government. The Government of Bermuda comprises a Governor, a Deputy Governor, a Cabinet and a bicameral legislature with a House of Assembly of 40 members directly elected for a five-year term and a Senate of 11 appointed members. Five members of the Senate are appointed by the Governor, on the advice of the Premier, three on the advice of the leader of the opposition and three by the Governor at his discretion. The Territory maintains a 700-strong Defence Regiment; the adult male population is subject to military conscription, involving three years' part-time liability for weekly drills and an annual camp. It has a police force of approximately 450 full-time officers and several hundred part-time police reserves.

5. Bermuda's law and legal system are based on English common law and principles of equity, English statute law in force since 1612 and Acts of the Bermuda Parliament passed since then. The judiciary is a separate body from the Government and its members are not elected but appointed on the advice of the Chief Justice. There are three courts presiding in Bermuda, namely, the Magistrates' Court, the Supreme Court and the Court of Appeal.

6. In October 2001, John Vereker was appointed the new Governor of Bermuda. He took office in April 2002.

7. There are three political parties in the Territory. The Progressive Labour Party (PLP) was the first party to be formed in Bermuda in 1963 to gain representation and power in a white-controlled political and economic system. The United Bermuda Party (UBP) was formed in 1964 by whites opposed to PLP policies. The National Liberal Party (NLP) seeks a middle ground.

The Premier is chosen from the majority party and heads a Cabinet of no more than 14 members of the legislature.

8. Bermuda voters in the general and other elections or referendums must be over 18 years of age. They are Bermudian by birth or status, or non-Bermudian, long-term residents of Bermuda who are citizens of the British Commonwealth and were registered to vote annually since 1979. Automatic citizenship applies to children born in Bermuda, except to those without either parent being Bermudian by birth or status. In 1998, there were about 37,000 registered voters, that is, about 58 per cent of the total population.

9. In the last general election in Bermuda, held on 9 November 1998, PLP won a majority of 12 seats in the territorial legislature, defeating UBP and taking power for the first time in the 35 years since the party system began in 1968. The next election is due by October 2003. PLP has traditionally been a pro-independence party, though the Premier pledged that the question of independence would not be raised in the first term of office of PLP.

B. Political issues

10. The question of constitutional reform proposed by the ruling PLP party continued to dominate Bermuda politics for the past year. The reform intended, among other things, to equalize the size of voting constituencies and to replace the current two-member constituencies with single-member ones. The PLP Government believed that the existing system was weighted in favour of UBP and that the election to power of PLP gave it authority to enact the reforms. The opposition argued that public consultation on the matter was essential. In January 2001, UBP submitted an 8,500-signature petition to the British Government, demanding a constitutional conference or a referendum before changes were made.[5] The United Kingdom Foreign and Commonwealth Office, which must give the final approval to any constitutional changes, insisted that "demonstrable" consultations take place before it would consider giving its approval to the proposed changes. The Premier promised to organize a series of public meetings to discuss all the proposals.

11. In August 2001, the Boundaries Commission, which consists of an equal number of members from both political parties, was created, with the task of making recommendations on the boundaries and on a number of constituencies (between 20 and 40) in a new single-seat electoral system, in place of the system with parish-based seats. The Commission's recommendations and the report on a parliamentary debate on the matter will be sent to the British authorities, after which a decision will be made by the Foreign Secretary of the United Kingdom on whether further public consultation, by way of a constitutional conference or referendum, is necessary before an Order in Council is made changing the system.[6] The Commission is required to seek input from the public. Public meetings are to be held during 2002.

12. The Order in Council establishing the Boundaries Commission categorically stated that "no account shall be taken of the racial distribution of voters in Bermuda". However, the work of the Commission was repeatedly criticized by the opposition for its lack of openness to the public and for harbouring racial motives. PLP representatives insist that the proposed reform will create parity and equality for all voters. At the same time, they acknowledge that the black population of the Territory would be de facto empowered by the reforms.[7]

III. Budget

13. According to the information provided by the administering Power, in 2001, the Government of Bermuda changed the methodology of estimating gross domestic product (GDP) from the expenditure method to the output by industrial origin method. The preliminary estimates for 2001 indicated that real GDP contracted by 0.2 per cent. For the fiscal year from 1 April 2001 to 31 March 2002, the Government budgeted $627.3 million in revenue and $683.2 million in expenditures. Anticipated revenues are down $14 million from the revenue collected in fiscal year 2000-2001. The deficit initially projected in the budget was $55.8 million.

14. After the events of 11 September 2001, the Government's revenues slipped downward with estimates for fiscal year 2001-2002, showing a shortfall of $18.3 million from the initial budget projections and totalled at $609.1 million. In particular, in the third quarter of 2001, the projected revenues received from tourism-based sources were considerably reduced. Besides, special tax relief measures (worth a total of $2.4 million) for tourist-related businesses adopted by

the Government, contributed to the reduction in tax collection.[8]

15. According to the Ministry of Finance, the Government lowered its expenditures for the fiscal year by $39.7 million. The measures included a moratorium on non-essential overtime and non-essential overseas travel and a funding freeze on vacant posts. As a result, the overall fiscal deficit fell to a revised estimate of $34.4 million; outstanding debt projected to 31 March 2002 was $160 million. Government borrowing remains at a prudent level (4.7 per cent of GDP). This level of debt is still within the legislative debt ceiling of $250 million or less than 10 per cent of GDP. In January 2002, the Government Statistics Department released the figures for the first three quarters of 2001. Increases in taxes allowed the collection of $484 million in revenue. The surplus has risen to $28 million.[9]

16. Although the Finance Minister attributed the financial difficulties to the economic downturn following the terrorist attacks of 11 September, the Government Auditor's report issued in June 2001 indicated that Government departments and ministries had already overspent their budgets by a combined $5.5 million. The report had particularly singled out the Ministry of Health and Family services, which had overspent its $40 million hospital care budget by almost $2.2 million at that time.[10]

IV. Economy

A. General

17. Bermuda has no natural resources, in the conventional sense, upon which to build a viable economy. It has historically capitalized on its location and scenic beauty and has developed a renowned tourist industry. Financial services, international business and tourism are the main economic sectors and account for the bulk of the Territory's foreign-exchange earnings. According to press reports, in 2001, tourism stopped being the second pillar of the economy and slipped to third place behind international business and investment income from overseas. Receipts for travel from tourism for the first two quarters of 2001 were $173 million, whereas the investment income coming back to Bermuda in the first half of 2001 was $222 million.[11] The public sector plays a large role in Bermuda's economy. More than 13 per cent of the workforce is either directly or indirectly employed by the Government. Manufacturing and agriculture exist on a limited scale and therefore contribute little to the economy of Bermuda. The local manufacturing sector includes printing, fish processing, ship repair and tourist-related crafts, as well as the manufacture of paint. Agricultural activity is constrained by the small amount of land available for farming. Some production of vegetables and citrus fruits is undertaken and flowers are grown for export. Construction is becoming a more significant sector, employing 6.9 per cent of the labour force in 2000, compared to 3.2 per cent in manufacturing. Bermuda imports 90 per cent of its food requirements. Bermuda's openness to the world economy and strong links with the United States economy largely determine its pattern of economic growth. Its heavy dependence on imports, overwhelmingly from the United States, and the currency's peg to the dollar, means that inflation tends to follow the United States pattern.

18. Per capita GDP in Bermuda is one of the highest in the world. According to *The Economist*, it is $41,000. At the same time, Bermuda's high cost of living relegates it to ninth place on the list of countries with the highest purchasing power. It is expected that the estimated GDP would drop by 0.4 per cent in the year 2000-2001, to $637.6 million, and then drop by 1.5 per cent, to $628 million, for the 2001-2002 year.[12] Inflation increased at an average annual rate of 2.9 per cent in 2001.

19. According to the information provided by the administering Power, by the end of September 2001, the balance of payments current account surplus was estimated to total $123 million, down $58 million from the similar indicators of 2000. The Ministry of Finance expects Bermuda's economy to exhibit continued weakness in 2002.

B. Financial services

20. Foreign banks are not allowed to operate in Bermuda; as a result, local banks benefit from a quasi-monopoly in handling lucrative international business operations for offshore clients. The Bank of Bermuda, founded in 1889, is ranked as the world's 684th largest bank and the Bank of Butterfield is ranked 795th. A third bank, the Bermuda Commercial Bank, founded in 1969 and the only bank that is owned by Bermudians

of African ancestry, was acquired in 1993 by First Curaçao International Bank, based in the Netherlands Antilles. There is no central bank in Bermuda. Instead, the Bermuda Monetary Authority is the regulatory authority of banks and trust companies. Bermuda is one of the world's leading offshore financial and business centres and the third largest insurance market.

21. According to the information provided by the administering Power, in 2001, the international business sector continued to grow. The growth of international companies also had a positive effect on Bermuda's local business services and financial intermediaries. In the first nine months of the year, the number of international companies on the register increased by 402 to reach 12,969. The Bermuda Monetary Authority reported that it approved 923 exempted company applications, which indicated a strong growth of the international register. There were an additional 135 mutual funds and unit trusts registered in Bermuda in the 12 months preceding September 2001. The total net asset value of collective investment schemes rose to $49.45 billion by the third quarter of 2001, which was 15.6 per cent higher than a year earlier.

22. As of December 2000, there were 1,500 insurance companies with a capital base of more than $59 billion and total assets of $146 billion. There were 108 insurance companies formed in Bermuda during 2001, up 15 per cent over 2000. Although the 11 September attacks had an enormous effect on the insurance market, the Finance Ministry stated that the capital and reserves were adequate to meet the claims. Moreover, the long-term effect on this sector of the economy was positive with the attraction of new capital and major new reinsures to the Territory.

23. Bermuda has recently begun to use its strong presence in international insurance markets to forge a lead in e-commerce. In early 1999, Bermuda enacted the Electronic Transactions Act, whose provisions gave the Government the power to license certification authorities for e-commerce. Bermuda's active offshore financial community, characterized by high-value transactions, and its excellent telecommunications infrastructure make it a natural e-commerce leader.

24. As was reported in the previous working papers (A/AC.109/2000/13, para. 39, and A/AC.109/2001/9, paras. 39-41), Bermuda's international financial system has come under scrutiny by the Organization for Economic Cooperation and Development and the Financial Action Task Force. Owing to the fact that Bermuda agreed to bring its practices up to international standards, it was not included on the lists of uncooperative jurisdictions published by these organizations.

C. Tourism

25. Bermuda's tourism sector has continued its steady decline that began in the 1980s, as the number of visitors has fallen. The decline is mostly attributed to increased competition from cheaper destinations and the rapid growth of cruise ship tourism as a rival to stopover tourism throughout the Caribbean. The stopover subsection, whose clients tend to spend more money in the Territory, is losing market share to the cruise ship subsection, whose contribution to the economy of the Territory is minimal. In addition, the fact that 80 per cent of stopover visitors are from the United States makes Bermuda vulnerable to economic fluctuations in that country. Travel industry experts pointed out high prices, costly transportation, lack of direct flights from continental Europe and a scarcity of high-end entertainment among the problems facing the sector.

26. As was reported in the last working paper, the Government's management of the tourism sector has become a matter of political contention (A/AC.109/2001/9, paras. 33-34). The Government continues to consider that the tourist sector should measure its achievements not by the number of visitors but by the amount of acquired revenue. For example, according to the Ministry of Finance, cruise visitors spent $19.6 million in the third quarter of 2001, while air visitors spent $112 million during the same period. This constitutes $216.19 in spending per cruise passenger and $1,272.70 per air arrival. In an effort to boost tourism earnings, the Government-hired consultants have formulated a Five-year Development Plan, the first phase of which started in 2000 but has not produced results yet.[13]

27. The report of the Ministry of Finance stated that tourism suffered a very disappointing year in 2001, as tourist arrivals in Bermuda fell by 16 per cent to a 21-year low. A significant decline in visitor arrivals in the first half of the year became much worse in the aftermath of the 11 September terrorist attacks on the United States. Members of Bermuda's hotel industry

suffered cancellation rates of 25.6 per cent in September and 28.8 per cent in October, resulting in lost revenue of approximately $5 million. According to press reports, the first three quarters of 2001 showed that a total of 382,652 visitors travelled to Bermuda, which is a 13.7 per cent drop compared to the same period in 2000. The number of air visitors dropped from 264,545 in the first three quarters of 2000 to 229,110 in the same period in 2001, a 13.39 per cent drop. While in recent years the number of cruise passengers had been on the rise, these numbers took a dramatic dive in the first three quarters of 2001, down 14.2 per cent from the same period in 2000.[14]

28. In order to improve the situation following the events of 11 September, the Bermuda Alliance for Tourism offered packaged holidays from the United States and other deals aimed at the European market. However, the Territory faced heavy competition from cheaper destinations in the Caribbean. At the regional level, in October 2001, the Caribbean Tourism Organization, of which Bermuda is a member, agreed on a $16 million marketing campaign in the United States and further $2 million to be spent on promotions in Canada, Europe, Latin America and the Caribbean.[15]

D. Construction

29. According to the information provided by the administering Power, the construction industry remained active, with an estimated value of work put in place for the first three quarters of 2001 increasing by 16.3 per cent over the same period in 2000. Output for the industry increased to $206.7 million, which represented a nominal growth of 6.5 per cent for the year 2000. The value of new projects started in 2001 received a big boost with the beginning of the construction of a second senior school, bringing the total of the first quarter to $94.5 million. A total of 193 residential units were completed in 2001. However, the value of new projects fell in the second and third quarters. Residential construction increased by 47 units between January and September 2001 compared to the same period in the previous year.

E. Transport and communications

30. Bermuda has a network of about 225 kilometres of paved public roads and another 400 kilometres of private roads. The Ministry of Works and Engineering was allocated $22.4 million from the 2001-2002 budget to refurbish ferry docks and landings and to improve the causeway and bridges. The Bermudian public and visitors to the island had become increasingly concerned over the impact of traffic congestion on their quality of life. In 1998, the Government initiated a review of transportation in Bermuda and a steering committee was formed. This committee stressed that continued economic growth cannot occur in Bermuda without a well-planned and utilized public transport system, as there is no space to expand current roads or to construct new ones.[16]

31. The number of cars licensed to operate on Bermuda's roads has increased by 70 per cent since 1980. According to the Minister of Transport, of the 20,000 registered cars on the island, around 2,000 are owned by expatriates or contract workers. The Government is developing viable public transport alternatives to the car. In December 2001, the Minister of Transport announced that he was about to implement a free transportation pass initiative in a bid to reduce congestion on the island's roads. For newly arrived contract workers, the Government would provide free bus and ferry passes for a period of three months. About 300 companies were targeted by distribution brochures and letters about the new programme.[17]

32. Airport services are reported to have improved considerably in recent years. There are regular and well-established services between Bermuda and the United States and to the United Kingdom. The Minister of Finance announced in his 2001-2002 budget that the Government would spend $4 million to upgrade runways, install new approach lighting and improve the terminal building. Following the 11 September attack, Bermuda deferred landing fees and waived airport rents for two months to assist ailing airlines and boost flagging tourism. In December 2001, the Senate approved a new $4.25 airport security fee to defray costs of security at the airports, which will be added to the price of flight tickets. With the introduction of the aviation security fee, the Minister of Transport announced the intention to acquire and install hi-technology X-ray machines for inspecting checked baggage.[18]

33. Hamilton serves as the main port in the Territory and supports container facilities, whereas port services are provided at St. George's and Ireland Island, a free port. According to *The Europa World Year Book*, in 2000, it was proposed to enlarge Hamilton docks in

order to accommodate larger cruise ships. There remained, however, fear that such a measure could put extra strain on the environment and infrastructure.

34. According to *The Economist*, Bermuda leads the world in the number of telephone lines per 100 people (85.7). In Bermuda, 43.7 per cent of the population own computers, which puts the Territory in eighth place in the world, ahead of the United Kingdom.[19]

V. Military issues

35. The armed forces of the United States and the United Kingdom shut down their installations on Bermuda in 1995 (see A/AC.109/2000/13, paras. 17-21). The economic disruptions caused by the base closings for the most part seem to have been absorbed. Yet an important residual issue is the request made by the Government of Bermuda to the Government of the United States requesting the latter to clean up the areas of the island that it had polluted during its military presence. This damage includes 200 container-loads of asbestos in former military buildings, residue from oil and sewage that was pumped into a system of caves under one of the bases and the existence of potentially harmful metals such as mercury, lead and cadmium. All this has prevented the areas from being developed. The Government of the United Kingdom cleaned up areas under its control before leaving Bermuda, but the Government of the United States has so far refused to do so. The British Government took the lead in negotiation with the United States over cleaning up environmental damage at the former base lands, in 1998. A 1997 study estimated clean-up costs at $65 million. The United States considers, first, that it should not be responsible for the clean-up unless there is a clear and imminent damage problem and, secondly, that if it adopts a more lenient policy, it will be called on to carry out environmental clean-ups in many other parts of the world at immense cost. The United States also argues that it built the facilities that now belong to Bermuda at no cost to the Territory. Among those facilities is the airport, which made possible the development of Bermuda's tourist industry. In January 2002, the Bermuda Land Development Corporation demolished buildings at the former military base in St. David's, as it was considered too expensive to convert some existing houses left by the United States forces.[20]

36. An Order in Council of 11 December added Bermuda to the list of colonies covered by the United Kingdom Visiting Forces Act 1952, which sets down the law on how visiting foreign forces are to be handled in civil or criminal matters. The addition of Bermuda to the list shows that some progress has been made in negotiations over the former United States baselands.[21]

VI. Social conditions

A. General

37. While Bermuda's GDP is among the highest in the world, redressing inequalities in wealth on the island has been a priority for the current Government, which has emphasized social development and has accordingly channelled increased resources towards human service areas such as health, education, housing and social welfare. A wide range of welfare work is undertaken by the Department of Health and the Department of Social Services; there are also a number of voluntary organizations to treat specific problems, an increasing number of which deal with social pathologies related to drug abuse. Almost all employees are registered under the Government's pension scheme and since 1970, health insurance has been made available to all Bermudians.

B. Labour

38. With near-full employment and full pension coverage for Bermudians, most labour issues concern the quality of work available and the effect of foreign workers on the Bermuda labour market. In 2001, the Government set a six-year limit on work permits for foreign workers to ensure that more Bermudians are recruited and trained for the best jobs. According to press reports, the new rules and restrictions on work permits are in line with the PLP manifesto and show the attention of the PLP Government to racial issues.[22]

39. As stated by the territorial Government, of the 37,472 jobs on the island in 2000, the distribution of employment by industry group was as follows: public administration — 4,259; retail trade and repair service — 3,797; hotels — 3,380; international business activity — 3,216; financial intermediation — 2,974; transport and communication — 2,918; education, health and social work — 2,796; construction — 2,601; other community, social and

personal — 2,207; restaurants, bars, cafes — 1,795; wholesale trade and motor vehicles — 1,293; manufacturing — 1,211; agriculture, fishing and quarrying — 561; real estate and rent — 449.[23]

40. According to the administering Power, the total number of filled jobs in Bermuda declined in 2001 by 429 (1.1 per cent) to 37,588, mostly owing to the large number of temporary positions created by the 2000 census. Weakness in the tourism industry resulted in 170 fewer filled jobs (15 per cent) in the hotel sector and 103 fewer jobs (12.7 per cent) in the retail sector. At the same time, the international business sector recorded employment growth of 70 positions (+2.1 per cent) and business services increased by 219 positions (+6 per cent). Strong employment growth of 155 positions (+5.9 per cent) was also recorded in the construction sector.

41. With respect to the immediate labour prospects, the Government's principal economic policy adviser considers that there will be fewer jobs in Bermuda as a result of the recession which has hit the United States, particularly in the tourism sector, owing to reduction of travel from the United States mainland and the related decrease in foreign visitors' spending. At the same time, there will be jobs created by the new insurance companies directly (140 to 210 jobs), as well as jobs created indirectly by the positive effect on the economy. Many of the new jobs will be filled by foreigners but most of the companies have pledged to train Bermudians in the specialist fields.[24]

C. Education

42. Education in Bermuda is compulsory for all children from 5 to 16 years of age, and is free in government schools. The literacy rate is high; 98 per cent of all males and 99 per cent of females 15 years of age and over can read and write. There are 39 State schools — 30 primary, 5 middle, 2 secondary and 2 special schools. There are some private schools as well. In the 2000-2001 academic year, 6,378 students were enrolled in government schools and 3,612 in private schools, with a further 950 on waiting lists. There are 12 pre-primary schools in Bermuda, serving approximately 452 pupils. There are 713 teachers in the State school system.[25]

43. There are no degree-conferring universities in Bermuda. The Government awards a number of scholarships each year to young Bermudians accepted at universities in the United States, Canada and the United Kingdom. Scholarships are also awarded by local banks, principal law firms and Bermuda-based international companies. Under the Bermuda Government's National Education Guarantee Scheme, begun in 1994, no Bermudian student with university potential is denied an opportunity for further education owing to a lack of funds.

44. Bermuda considers the high level of education of its inhabitants to be a major component of its comparative advantage relative to other offshore centres. The 2001-2002 budget contains $35.3 million in capital investments in public education facilities. According to press reports, the Terra Nova tests conducted in 2001, which compared the skills of Bermudian and American pupils, showed that Bermuda's six-year-olds can perform as well or better than American children. While the United States average in each of the reading, language and math categories was 1.9, the Bermudian averages were 2.3, 2.5 and 2.1, respectively. According to the Minister of Education, the most significant reason for the excellent results was that primary class sizes had been reduced to an average of 15 students. The Government planned to invest $3 million in improving the early years of education by the start of the 2002 school year.[26]

D. Public health

45. Medical care is provided by private practitioners and three government health clinics. Fees are charged for hospital care, and medical insurance is compulsory for all workers. A hospital levy covers the cost of services rendered by the hospitals to children under 16 years of age. Indigent persons over 65 years of age pay 20 per cent of hospital costs. In the 2001-2002 budget, the Ministry of Health and Family Services received the highest spending allotment, representing an 11.2 per cent rise over the previous year.

46. According to the Health Insurance Association of Bermuda, the cost of health care has increased 100 per cent over the past decade owing to greater technology, an ageing population and more demanding patients. From 1997 to 1998 alone, Bermuda increased its spending on the health system by $8 million, of which $2.3 million was borne by the Government, $4.3 million by insurers and $1.4 million by consumers. In December 2001, insurance companies and medical

societies of Bermuda backed calls for a national health council to take steps to reduce massively the number of patients going overseas for treatment they could get in Bermuda.[27]

47. According to *The Economist*, Bermuda ranks sixth in the world for the incidence of AIDS (*The Royal Gazette*, 7 November 2001). Press reports indicate a decline in the number of new cases of AIDS, while sexually transmitted infections (including gonorrhoea, herpes and syphilis) have been rising rapidly. There has been a total of 453 cases of AIDS in Bermuda, of which 75.9 per cent were men. Of these, 356 cases have ended in death. About 40 per cent of the cases are the result of intravenous drug use.

E. Housing

48. Housing prices are high in Bermuda and a shortage of residential housing still exists. The Government continued to support the Bermuda Housing Corporation, which it created to solve the housing crisis of the 1980s and to provide affordable housing to low-income families in Bermuda. The Corporation will receive in 2001-2002 a non-recurring grant increase of $1.2 million to stabilize its cash flow position until it begins to receive rental income from its new additions to the rental stock. Once this income begins to be generated, the Corporation's grant will be reduced to its former level of approximately $2.5 million.

F. Immigration

49. The strength of Bermuda's economy and its consequent need for labour has made immigration a permanent feature of Bermuda's socio-economic profile. Under the 1968 Constitution, Bermuda has the authority to determine its own immigration policy. Many immigrants have stayed in Bermuda and have been granted residency status. In August 1980, the Bermuda Government's Minister of Labour, Home Affairs and Public Safety issued a discussion paper (or Green Paper) on Bermuda's long-term residents. The object of the paper was to explore ways that complied with Bermuda's international human rights obligations but at the same time ensured that it did not perpetuate a system that allowed people to stay indefinitely on the island so that they might claim long-term residency or Bermudian status. In 1989, however, the Government placed a moratorium on the granting of Bermudian status, making it clear to new immigrants that they should have no expectations regarding their long-term status on the island.

50. In July 2001, the Government announced that hundreds of long-term foreign residents in Bermuda, long denied equal rights to home ownership and employment, would be eligible for citizenship. The decision meant granting citizenship to some 400 residents and job protection through a permanent resident's certificate for up to 1,100 more of the estimated 2,000 foreign residents living on the island 20 years or more. The media reports that many of the majority black population resent the demands of the predominantly white long-term residents for citizenship and job protection on the island. But the Minister of Home Affairs said a shortage of staff in Bermuda meant foreign workers were essential to keep the flourishing offshore financial services and tourism sector afloat.[28]

51. At the same time, the Government is trying to fight illegal immigration. In his Throne Speech in November 2001, the Governor highlighted immigration as a problem and stated that "immigration cheats would be hit hard" under new laws with increased fines and prison terms. People working without permits would be forced to refund their own repatriation costs and to hand over money they earned during their illegal stay. Fines would also be increased for employers with illegal workers, who would also have to pay court costs for immigration prosecution.[29]

G. Human rights and related issues

52. As reported in the previous working paper (A/AC.109/2001/9, para 74), Bermuda is covered by the human rights conventions, pursuant to accession thereto by the United Kingdom.

53. Surveys have shown that many among the black population believe they suffer racial discrimination in the workplace, particularly in the international business sector, which is dominated mainly by white overseas workers. In July 2000, the Bermuda legislature passed a law requiring every company with more than 10 employees to present detailed information on its racial make-up, including information on hiring, firings and promotions. The measure was opposed by the Bermuda Employers Council. The regulations are a central part

of the social policies of the current Government, which is overwhelmingly supported by Bermuda's black population.

54. The issue of racial equality continued to be addressed during the reporting period (see A/AC.109/2000/13, para. 66 and A/AC.109/2001/9, paras. 75 and 76). The PLP Government vowed in its election manifesto to "expand the role of the Commission for Unity and Racial Equality (CURE)", established in 1995. In May 2001, after months of public meetings and conferences with business representatives, 26,441 employees in 426 organizations completed forms proposed by CURE to detail the racial make-up of their workforce. The forms covered staff income and benefits, as well as interviews, recruitment, promotions and the reasons for the employees' separation. Of the firms that boycotted the process in 2000, most ended up in court, getting fines of $500. Firms that kept filling in the paperwork but had unfair recruiting practices could face sanctions as well. In December 2001, the names of six companies were forwarded to the Director of Public Prosecution for violating the reporting requirements of CURE again. According to the CURE first Annual Review of the Workforce (2001), blacks take up a higher proportion of posts at the lower end of the employment spectrum and less than 1 per cent of black employees earn more than $100,000 a year. While blacks comprise 54 per cent of the workforce, they hold only 20 per cent of executive management positions, just 2 per cent of those positions in international business. Of the lowest income group — those earning less than $25,000 a year — blacks represented 62 per cent, while whites accounted for 17 per cent.[30]

H. Crime

55. According to the 2001 police statistics, although there was some improvement over 1998 and 1999, there was still a 12 per cent rise in violent offences over 2000, with drugs blamed as a key factor. The total number of crimes for the period from April to June 2001 was 659, which was down compared to the first three months of the year, but a little higher compared to the same period in 2000. The number of violent crimes, including murder, sexual assault, robbery and assault, was 67, which was the second lowest for the period in five years. However, the total number of robberies for the three months was 92, which was higher than in the previous two years. There were also 236 breaking and entering offences and 12 sexual assaults. With respect to drug-related crimes, police statistics indicate that more drugs were seized in the first three months of 2001 than in all of 2000. By the end of April 2001, Narcotics and Customs officers on the island had seized a massive $12.4 million worth of drugs, mostly heroin and cocaine; seizures of cannabis were up seven times; those of heroin were up six times and those of crack cocaine increased fourfold.[31]

56. While Bermuda does not make it onto lists of countries with the highest crime statistics, its prison population statistics are quite different. According to *The Economist*, at 447 prisoners per 100,000 population, the island's lock-up rate is the seventh highest in the world.[32]

57. In October 2001, the Bermuda Assessment Referral Centre, a key element of the Alternative to Incarceration Initiative (ATI), was officially opened by the Premier. ATI legislation was passed by the House of Assembly to give drug addicts a second chance by providing them with treatment options as opposed to sending them to prison for drug-related crimes.[33]

VII. Environment

58. The Government allocated $1.5 million of its 2001-2002 budget to the preservation and enhancement of open spaces in Bermuda. This is accomplished through a fund set up by the Acquisition of Open Land Act, whose purpose is to buy virgin land in order to insulate it from development. In 2001, five new parks were added to Bermuda's protected open spaces. The biggest addition of parkland was the transfer of control of the Railway Trail to the Parks Department. With this transfer, parks on the island make up 7 per cent of the land mass, or 960 acres.[34]

59. A Bermuda Biodiversity Country Study conducted in 2001 put the Territory on the path to ratify the Convention on Biological Diversity, adopted at the United Nations Conference on Environment and Development, held in Rio de Janeiro, Brazil, in 1992 and ratified by the United Kingdom in 1994. According to the Minister of the Environment, the next phase of a five-year Bermuda Biological Diversity Project would be to prepare an action plan which would bring Bermuda's conservation efforts in line with the

requirements of the Convention. That phase is expected to be completed in 2002.[35]

60. Bermuda has established 29 Marine Protected Areas (MPA), or no-take zones. Ten of them were designated in the 1990s and the rest were established in 2000. According to scientists at the Bermuda Biological Station for Research, Bermuda's coral reefs are "reasonably healthy", while the health of reefs globally is declining. The Territory is a member of the International Commission for the Conservation of Atlantic Tunas that looks into the dwindling population of tuna species. A conference held in December 2001 revealed that Bermuda's intake of swordfish was on target. According to the Minister of the Environment, the help of the United Nations Convention on the Law of the Sea, Bermuda is solidifying its right of fishing access around the island.[36]

61. According to the Natural History Museum of Bermuda, the Territory will face further coastal erosion and deeper sea surges in the future because of global warming. Bermuda's coastline eroded from 23 to 30 centimetres in the last century, but scientists predict that, owing to global warming, the sea level around Bermuda will rise up to 100 centimetres in the coming century. However, Bermuda is better placed than many islands because it is not very low-lying. It is also predicted that the island will have more and heavier hurricanes.[37]

62. In 2001, the Historic Wrecks Act 2001 was adopted by the Government, which protects the island's marine heritage. It established a Historic Wrecks Authority, a Custodian of Historic Wrecks and imposed a one-year prison sentence or a $25,000 fine on those who tamper with a wreck or historic artefacts without a licence. In this area, Bermuda is at the forefront of the world in creating protective legislation in line with recommendations made in 2001 by the United Nations Educational, Scientific and Cultural Organization. The Act also declares an amnesty for those who may have collected historic artefacts before the legislation was adopted and asks them to bring forward such artefacts to be catalogued. In this connection, the Prime Minister of the Territory announced that thousands of historic artefacts, many from the shipwrecks dating back as far as 1500, raised from Bermuda's seabed in the late 1960s, would also be transferred from the Smithsonian Institution in Washington, D.C., to the Bermuda Maritime Museum in spring 2002. Some of the collection will be featured in a major exhibition in 2005 to celebrate the 500th anniversary of the discovery of Bermuda.[38]

VIII. Relations with international organizations/arrangements

63. Currently, Bermuda has observer status in the Caribbean Community (CARICOM) and Common Market. Recently, it has been considering strengthening its ties to the Caribbean by becoming an associate CARICOM member. To do this, Bermuda would first have to get approval from Great Britain. As an associate member, it would participate in all councils except the one on foreign relations, as well as propose and amend regional positions. Bermuda's political opposition requested the creation of a bipartisan committee to evaluate membership pros and cons. Bermuda's Premier, however, said that her Cabinet would decide on the membership. Becoming a CARICOM associate member would mark a shift for Bermuda, a prosperous tourism and offshore financial centre that pegs its currency to the United States dollar and has been keen in the past to stress that it is not part of the Caribbean.[39]

IX. Future political status of the Territory

A. Position of the administering Power

64. On 8 October 2001, the representative of the United Kingdom made a statement before the Fourth Committee (see A/C.4/56/SR.3) in which she welcomed the opportunity to present its position as an administering Power and reported on further progress made towards the modernization and development of the relationship between the United Kingdom and its overseas Territories.

65. The representative of the United Kingdom said that the third meeting of the Overseas Territories Consultative Committee had been held in London in September 2001. The meeting had been hosted by Baroness Amos, who had been appointed Foreign Office Minister for the overseas Territories in June 2001. The Consultative Committee provided a forum for structured political dialogue and exchange of views between the elected representatives of the overseas Territories and Her Majesty's Government. The

meeting had been an opportunity to continue dialogue on the management of public affairs and future development of the overseas Territories and enabled Ministers and overseas Territories Governments to consult on matters such as the process of constitutional review and human rights issues arising from the United Kingdom's international commitments.

66. She said that the United Kingdom's partnership with its overseas Territories continued to evolve and progress. On 21 June, the Government had introduced to Parliament the British Overseas Territories Bill, which would grant British citizenship, with right to abode in the United Kingdom, to citizens from 13 of the 14 British overseas Territories in fulfilment of a commitment made in the 1999 White Paper on the relationship between the United Kingdom and the overseas Territories. The bill would also formally change the nomenclature from "dependent" to "overseas" Territory to reflect more accurately the nature of the relationship. On 26 September, the United Kingdom and most of its overseas Territories had adopted an Environment Charter that set out 10 guiding principles expressing the key environmental commitments that the international community had adopted. They were followed by specific commitments on the part of the United Kingdom and overseas Territories' Governments, indicating how they would work in partnership for the benefit of the environment. That was a good example, she said, of how progress could be made by working together in an area of mutual interest, which was critical to the future prosperity, well-being and even survival of many of the overseas Territories and their communities.

67. She pointed out that, as the record showed, for the United Kingdom, the wishes of the peoples concerned, exercised in accordance with the other principles set out in the Charter of the United Nations and in other international treaties, were of paramount importance. The relationship of the United Kingdom with the Territories continued to be based on the following fundamental principles: self-determination; mutual obligations; freedom for the Territories to run their affairs to the greatest degree possible; and a firm commitment from the United Kingdom to help the Territories economically and to assist them in emergencies. She was sure the Committee recognized the basic commonality of approach between the British Government and the Committee.

68. However, she stated, it was unfortunate that that commonality was not always properly reflected in all relevant resolutions, in particular of the Special Committee. The United Kingdom welcomed the fact that the annual omnibus resolution stated that in the decolonization process there was "no alternative to the principle of self-determination". The United Kingdom therefore regretted that the Special Committee continued to apply selectively that principle, which was enshrined in the Charter of the United Nations and in the International Covenant on Civil and Political Rights.

69. The United Kingdom, she stated, would continue to work to improve its cooperation with the Special Committee. It had sent a representative to the Regional Seminar of the Special Committee held in Havana in 2001.

70. The United Kingdom welcomed the efforts made by the Special Committee, begun under the constructive leadership of Ambassador Donigi, to pursue the informal dialogue with the administering Powers with a view to possible removal of the Territories from the Special Committee's list. Careful preparations would be necessary before the United Kingdom could expect substantive progress to be made, but it remained ready to cooperate with the Special Committee in those efforts.

B. Consideration by the United Nations

71. On 10 December 2001, the General Assembly adopted without a vote resolution 56/72 B, section III of which concerns Bermuda.

Notes

[1] The information contained in the present working paper has been derived from published information.

[2] NewsEdge, 14 February 2002.

[3] Central Intelligence Agency, *The World Factbook* (www.odci.gov/cia/publications/factbook/index.html).

[4] *The Royal Gazette*, 7 November 2001.

[5] *The Europa World Year Book*, 2001, Bermuda.

[6] *The Royal Gazette*, 4 January 2002.

[7] Ibid.

[8] Ibid., 24 November 2001.

[9] Ibid., 9 January 2002.

[10] Ibid., 19 October 2001.

[11] Ibid., 4 January 2002.

[12] NewsEdge, 14 December 2001.

[13] *The Royal Gazette*, 10 December 2001.

[14] Ibid., 9 January 2002; NewsEdge 14 February 2002.

[15] *The Royal Gazette*, 17 and 23 October 2001.

[16] Ibid., 25 January 2002.

[17] Ibid., 15 December 2001.

[18] *Reuters*, 3 October 2001; *The Royal Gazette*, 1 and 20 December 2001.

[19] *The Royal Gazette*, 7 November 2001.

[20] Ibid., 23 January 2002.

[21] Ibid., 18 December 2001.

[22] Ibid., 9 November 2001.

[23] Ibid., 11 January 2002.

[24] Ibid., 14 December 2001 and 8 January 2002.

[25] The Economist Intelligence Unit (www.eiu.com).

[26] *The Royal Gazette*, 11 and 14 August 2001.

[27] Ibid., 7 and 13 December 2001.

[28] NewsEdge, 13 July 2001.

[29] *The Royal Gazette*, 3 November 2001.

[30] Ibid., 19 May, 16 October , 9 November and 11 December 2001.

[31] Ibid., 7 August and 9 November 2001.

[32] Ibid., 7 November 2001.

[33] Ibid., 24 October 2001.

[34] Ibid., 28 July 2001.

[35] Ibid., 23 May 2001.

[36] Ibid., 29 October and 18 December 2001.

[37] Ibid., 3 December 2001.

[38] Ibid., 5, 17 and 20 December 2001.

[39] Ibid., 13 July 2001; NewsEdge, 13 July 2001 and 10 January 2002.